

To:

Committee Secretary
Standing Committee on Economics
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Parliament House,
Canberra ACT 2600
economics.reps@aph.gov.au

30 January 2026**Re: Inquiry into Schemes, Digital Wallets and Innovation in the Payments Sector**

Coinbase Global, Inc. together with Coinbase Australia, Pty. Ltd. and its other subsidiaries, **(Coinbase)** welcomes the opportunity to provide this detailed submission to the House of Representatives Standing Committee on Economics **(Committee)** on the Inquiry into Schemes, Digital Wallets and Innovation in the Payments Sector.

Coinbase started in 2012 with the idea that anyone, anywhere, should be able to send and receive Bitcoin easily and securely. Today, we are publicly listed in the United States and provide a trusted and easy-to-use platform that millions of verified users in over 100 countries rely on to access the crypto economy.

We are pleased that the Committee is looking to explore the role of blockchain and digital currencies in the future of Australia's economy. By protecting blockchain payments innovation, championing the growth of Australian stablecoins and addressing the issue of debanking, Australia can reduce its reliance on the oligopolistic banking sector, unlocking productivity growth.

We commend the Committee on opening this inquiry. We look forward to continuing to engage with this work and encourage the Committee to contact us if we can be of further help.

Yours sincerely,



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Introduction

We strongly support the Australian Government's ambition to modernise its payments system and commend the House of Representatives Standing Committee on Economics in opening this inquiry to discover how new and emerging payment technologies like digital currency and blockchain can contribute to this ambition.

To achieve this ambition we provide the following three suggestions for the Committee to consider:

- **Protect blockchain payments innovation** by ensuring that software wallets and their developers are not unintentionally captured under the Regulation of Payments Service Providers.
- **Champion the use of Australian stablecoins** by prioritising the development and passage of a best-in-class stablecoin framework and incentivising stablecoin uptake by allowing stablecoin issuers to offer interest to users.
- **Address Debanking** by implementing the 5 measures recommended by the Council of Financial Regulators in 2022.

Blockchain technology is the backbone of a new financial architecture. While nascent, it is already bringing efficiency, transparency, and resiliency to the existing financial system. Blockchain applications facilitate rapid, instantly settled, cost-effective value transfers, particularly advantageous for cross-border transactions, small businesses, and increasingly agentic payments. Leveraging blockchain technology for payments will bring competition to the Australian economy, uplifting productivity growth.

Stablecoins represent a form shift in electronic payments and capital markets, offering a wide variety of use cases, efficiencies and unparalleled access for individuals. Stablecoins that digitise fiat currencies, especially the Australian dollar will help increase payments service optionality for Australians, increasing the robustness of our economy as well as bringing costs down.

For Australia to achieve the benefits of these technologies the issue of debanking must be addressed. In Australia the Big 4 banks have implemented policies that impede on people's abilities to use their own money, and remove banking facilities from consumers and businesses. In 2021, up to 60% of fintech businesses faced denial of service¹ from banks, an issue which still needs addressing. These policies have targeted those developing and interacting with emerging technologies, suppressing competition while also decreasing trust in the Australian payment system. There is nothing that degrades trust in an economy faster than being told you cannot use your own money.

¹Senate Select Committee on Australia as a Technology and Financial Centre. Senate, 2021.

A national plan to integrate blockchain payments and stablecoins into our economy will deliver productivity gains to all Australians. Actioning the recommendations of the Council of Financial Regulators² to address debanking will restore trust in the Australian economy and unlock competition benefiting Australian consumers and businesses alike.

Summary of Recommendations

1. Protect blockchain payments innovation

Blockchain payments can provide near instant settlement for fractions of a cent, surpassing the speed and cost of traditional networks, both for local payments as well as for cross border transactions.

To ensure that blockchain payments are able to proliferate in Australia, we recommend that the Committee direct the Government and Treasury to ensure that software developers and the software wallets they create are not mistakenly captured under the Regulation of Payment Service Providers reforms.³

2. Champion the use of Australian stablecoins

Stablecoins are increasingly becoming the settlement asset of the internet, facilitating over US\$10 trillion of human initiated transactions in the last 12 months. US dollar denominated stablecoins make up over 99% of this transaction volume. As capital markets move on chain If Australia does not have a plan to ensure AUD stablecoins are a major part of this ecosystem it will affect capital flows to Australian companies and the cost of debt for the Australian Government.

To give the Australian a fighting chance in this new payments and capital market infrastructure we recommend that the Committee direct Treasury to consider allowing interest on 'Tokenised stored value facilities' (tokenised SVFs, also referred to as stablecoins) as part of its upcoming financial system strategy review and operationalise the RBA's wholesale CBDC, explored under Project Acacia, as a key backing asset for Australian stablecoins.

3. Address Debanking

Competition in Australian payments is being held back by the withdrawal of banking services, commonly referred to as "debanking". This practice, now standard protocol from Australia's big 4 banks, has disproportionately targeted the Fintech sector and those utilising digital assets and blockchain, eroding trust in the Australian economy.

²Council of Financial Regulators. Potential Policy Responses to De-banking in Australia. Council of Financial Regulators, 2022.

³ Australia, Department of the Treasury, Regulation of Payment Service Providers – Tranche 1a draft legislation, 2025

To encourage competition, unlock productivity and restore trust we recommend that the Committee compel the Government and Treasury to legislate the five measures recommended by the Council of Financial Regulators directed at banks to improve transparency and fairness in relation to debanking.⁴

The potential of blockchain based payments

Blockchain technology transforms payments by replacing traditional, siloed banking systems with a shared, transparent ledger operating without a central intermediary. One of the most significant advantages is the removal of middlemen, such as clearing houses and correspondent banks, which typically add layers of fees and complexity to every transaction.

Blockchain offers a level of security and finality that traditional electronic payments cannot match. Every transaction is cryptographically secured and recorded on an immutable ledger, meaning it cannot be altered or deleted once confirmed. This inherent transparency allows for real-time tracking and auditing, reducing the risk of fraud and human error.

While previously blockchains were considered slow and limited to only a few transactions per second, in the current landscape of 2026 blockchain networks like Solana and Base have redefined the speed of global commerce by achieving near-instantaneous transaction finality. Base (an Ethereum Layer 2 incubated by Coinbase) is able to process transactions in 'under one second, under one cent', while Solana operates with an average block time of just 400 milliseconds, allowing it to process thousands of transactions per second. These cutting edge blockchains enable a user experience comparable to centralised systems like Visa but on a decentralised permissionless network that anyone can access with only a smart phone.

Local payments

For payments, segregated payment rails represent a significant disadvantage to consumers when making payments and transfers. In contrast, blockchains and the digital assets on them are interoperable, giving users competitive options for making and receiving payments and transfers. For example, in Australia, credit card processing fees typically range from 1.0% to over 2.0% of the value of each transaction, with the vast majority of transactions processed on one of only four large networks, each with a walled-garden of users. Card payments transactions cost Australians \$1.2 billion every

⁴ Council of Financial Regulators. Potential Policy Responses to De-banking in Australia. Sydney: Council of Financial Regulators, 2022.

year, representing a significant drag on our economy.⁵ Blockchain payments could cut this to close to zero.

Of course, credit card networks offer tremendous value to consumers today, which is why high fees are possible, but increasing adoption of blockchain payments as an alternative will create competitive pressures that can reduce the costs for businesses to receive payment for goods and services. The same is true for wire transfers and other outdated payment systems.

One of the key advantages of blockchain based payments for businesses is the elimination of chargeback risk; once a payment is confirmed on-chain, it is final, protecting businesses from the revenue loss and administrative burden of disputed transactions. In 2024 card fraud measured \$913 million⁶. These chargeback costs represent a significant expense to businesses in Australia that can be avoided by using blockchain payments.

Coinbase Commerce currently has over 48,000 merchants accepting digital assets from customers globally. Moreover, the fees charged are 1%, below the rate that merchants are typically charged by major card networks, often by a significant amount depending on jurisdiction.

Remittances and Cross Border Payments

The Bank of England notes, 'in some instances, a cross-border payment can take several days and can cost up to ten times more than a domestic payment⁷', a lag that can significantly stress cash flow and cause downstream effects, compounded with high cost. Lack of interoperability among payment rails in traditional markets is an additional constraint to both individuals and commercial enterprises. As digital assets and blockchains can be held and used without the need of a bank account, they increase financial inclusion which is especially important for remittances.

In 2020 the G20 endorsed the 'Global Roadmap for Cross-Border Payments'⁸ which included three goals for remittances to achieve by 2027:

- Avg. cost of sending \$200 ≤ 3% by 2030;
- 75% of funds available in one hour;

⁵ Reserve Bank of Australia. "Review of Merchant Card Payment Costs and Surcharging." Media Release no. 2025-19, July 15, 2025

⁶ Australian Payments Network. 2025. "Fraud Statistics" Jan - Dec 2024.

⁷ Bank of England, "Cross-Border Payments" Bank of England, December 19, 2024.

⁸ Financial Stability Board, "FSB Delivers a Roadmap to Enhance Cross-Border Payments" Financial Stability Board, October 13, 2020.

- >90% of individuals have access to a means of cross border electronic remittances.

According to the FSB 2025 Progress Report, progress towards these goals is severely lacking, with only 54% of services making funds available within one hour and only 76.3% within one business day, which is essentially unchanged from 2024. Cost metrics proved equally resistant to improvement. The World Bank's Remittance Prices Worldwide report documenting an average cost of 6.64% for Q2 2024, more than double the G20 target and showing minimal improvement. This persistent underperformance reflects the fundamental structural constraints in correspondent banking architecture rather than mere implementation delays.

Payments operating on permissionless blockchain networks can meet the G20's cross-border payment objectives where traditional correspondent banking systems cannot. With 96% of transactions settling within one hour and costs approaching targets as market infrastructure matures, stablecoins demonstrate both current performance and clear improvement trajectories.

Online payments and agentic commerce

While remittance, payments, cross border settlement and onchain capital market settlement are all well understood, proven uses of stablecoins, the next step change will be the use of stablecoins to power agentic commerce. Blockchain systems are not just a smarter alternative to online and agentic payment rails, they are the native currency layer for AI. They meet the three core needs; speed, programmability, and low-cost scalability that existing payments systems cannot. The x402 framework⁹ provides this possibility by integrating stablecoins directly into common internet protocols, via HTTP status codes, to govern access to digital goods and services. Without this protocol-readability, AI commerce cannot scale globally, as every AI agent would require a custom, country-specific financial integration.

Shopify and Google are already merging AI and blockchain technologies. Shopify through AI-powered commerce tools like Shopify Magic with stablecoin (USDC) payments, and Google through its Agent Payments Protocol to enable AI agents and merchants to autonomously create products, set prices, and execute real-time, borderless on-chain transactions using stablecoins and verified blockchain infrastructure.

Recommendation to protect blockchain payments innovation

Payments are best when they operate on public, permissionless blockchains, providing interoperability and atomistic settlement for capital markets. Australia must ensure the

⁹ <https://www.x402.org/>

payments legislation remains focused on stablecoin issuers and does not inadvertently capture technology providers like non-custodial wallet developers or providers of public blockchain infrastructure such as node operators and validators.

Programmable, permissionless blockchains on which the largest stablecoins now operate have shown widespread adoption with over US\$10trillion in human initiated transactions processed over the last 12 months. Contrastingly, permissioned systems like JPMorgan's Kinexys, although gaining more adoption, process significantly lower volumes of transactions, and there is now recognition that their integration into permissionless blockchains is needed for scale¹⁰.

Only payments on public permissionless blockchains like Ethereum, Base, or Solana can achieve the G20's goals for cross-border payments. Permissioned, private ledgers create walled gardens that stifle interoperability and have failed to gain traction as they require trust, and have the potential to create monopolistic control structures that corporations are looking to avoid being captured under again. The internet succeeded because it was an open protocol (TCP/IP); the future of value transfer also requires open protocols. Thankfully these protocols have already been built and adopted en masse.

It is important to ensure that legislation does not unnecessarily capture software developers or public blockchain infrastructure providers. Developers of non-custodial wallet software, where the user holds their own private keys, do not 'provide' the facility or hold user funds. They merely publish software that provides a better user experience to interact with permissionless blockchains. Participants who secure the underlying blockchain network (e.g. miners, validators) are providing infrastructure, not financial services.

Current proposals to regulate payments service providers¹¹ do not include explicit notes to ensure software developers that create wallets, making blockchain more user friendly, are not captured by the regulation. Unlike the entities that the legislation is rightly targeting, these developers never have access to the funds in the user's wallet and are not a critical part of the system. Users can use the same blockchain 'account' with multiple different software wallets without needing to rely on any of them to protect or transfer their funds. If one software wallet goes defunct, there is almost no friction in moving to a new one, the user does not have to notify anyone and maintains custody and control of their digital assets at all times. Regulating them as PSPs would be akin to regulating a physical wallet manufacturer as a payment facilitator because they sell leather wallets that hold cash. Under the 'Regulation of Payment Service Providers' it is critical that the definition of a

¹⁰ Visa, "Transforming Global Payments: The Role of Tokenized Money & Funds in Cross-Border Transactions - Interim Report: e-HKD Pilot Programme Phase 2" Visa, 2025

¹¹ Australia, Department of the Treasury, Regulation of Payment Service Providers – Tranche 1a draft legislation, 2025

'Tokenised SVF Provider' targets the entity that assumes the liability to redeem the token. It must not extend to software developers or infrastructure providers who merely facilitate the use of the underlying blockchain protocol.

The stablecoin opportunity

Stablecoins today play a key role in supporting digital asset markets and retail payments by acting as a safe medium for settling transactions, preserving value, transferring funds, and producing income for digital asset owners. The Government has explicitly recognised that stablecoins have a wide set of potential use cases including for payments, as collateral for loans as well as a denominating asset for derivatives¹².

Globally, we see the opportunity set is even wider. As international markets move swiftly towards onchain tokenisation¹³, stablecoins are becoming the key settlement asset for cross border flows, trade, and capital markets¹⁴. Ensuring the Australian dollar is represented as a desirable onchain asset in stablecoin form will become key to combatting 'dollarisation'; its adoption, or lack thereof, will influence the future demand for AUD currency and Australian Government bonds.

Payments, remittances and capital markets

Stablecoins have a clear track record of providing a solid foundation for innovation in retail payment practices, and when well-structured with reserve assets backed by risk-free sovereign debt, stablecoins maintain an economic equivalence to central bank money, avoiding volatility of other digital assets.

Stablecoins utilise permissionless blockchain infrastructure to facilitate transactions, so as discussed in the previous section of this paper 'The potential of blockchain based payments' they can be utilise to facilitate local payments, remittances and cross border payments. As they are pegged to, and backed by, the first currency they represent are the preferred asset for these use cases.

Adapting to this innovation, Visa, the largest payments provider, recently enabled settlement with Circle's USDC stablecoin, allowing the network to send settlement payouts in USDC and routing these payments in USDC to merchant clients. PayPal has launched its own US dollar denominated stablecoin (PYUSD). The movement of traditional

¹² Australian Government, The Treasury, "Payments System Modernisation: Regulation of Payment Service Providers" Consultation Paper, December 2023.

¹³ Taylor Penley, "Atkins Predicts US Financial System May Shift to Tokenization within a 'Couple of Years'" Fox Business, December 3, 2025.

¹⁴ Commodity Futures Trading Commission. 2025. "Acting Chairman Pham Announces Launch of Digital Assets Pilot Program for Tokenized Collateral in Derivatives Markets" News release no. 9146-25, December 08, 2025.

payments operators into this market segment is strong evidence that its potential is significant and Australia should embrace it as a core pillar of the payments system.

Stablecoins give users alternatives to incumbent payment systems that can be slow and more costly, particularly for cross border transfers. For example, current payment and remittance platforms require multiple intermediaries to execute a transaction, often resulting in long transaction and settlement times and additional fees, such as foreign transaction fees. Stablecoin transfers settle as fast as the underlying blockchain, which on modern blockchains is typically measured in seconds to minutes, whereas international transfers take multiple business days.

Critically stablecoins will represent the key settlement asset for onchain capital markets. The SEC Chair, Paul Atkins has publicly stated that as public blockchains modernise the foundation of payments and capital markets and securities are tokenised they will require a stable, programmable settlement leg that can move at the same speed as the asset itself.¹⁵

We can already see this in action, according to Visa Onchain Analytics, stablecoins accounted for US\$50.0trn in transactions in the last 12 months, with people-initiated activity (as opposed to activity initiated by bots) reaching US\$10.7trn¹⁶. While these numbers are crypto-centric and hard to verify from an economic relevance perspective, the reported total magnitudes are remarkable and dwarf the volumes processed by PayPal, Mastercard, and Visa combined.

Foreign exchange and demand for Government bonds

The Australian Dollar is a tier-one global currency, turning over roughly US\$200 billion per day, making it the 7th most traded currency worldwide¹⁷. Foreign exchange swaps account for approximately 53% of the turnover which, compared to a global average of 42%, reflects the currency's deep integration into global supply chain liquidity management rather than just speculative spot trading.

In contrast, the global stablecoin market is overwhelmingly dominated by the US dollar. USD-pegged assets, led by Tether (USDT) with a market cap exceeding US\$185 billion and USDC at over US\$78 billion, collectively commanding nearly 99% of the total market share¹⁸. Euro-denominated stablecoins occupy a distant second place, with a combined

¹⁵ Atkins, Paul S. "The SEC's Approach to Digital Assets: Inside 'Project Crypto'." Speech at the Federal Reserve Bank of Philadelphia, November 12, 2025. U.S. Securities and Exchange Commission.

¹⁶ <https://visaonchainanalytics.com/>

¹⁷ Australian Foreign Exchange Committee (AFXC) & Reserve Bank of Australia (RBA). "Semi-Annual Report on Foreign Exchange Turnover – April 2025".

¹⁸ Forbes Digital Assets & Coinbase Market Data. December 8–10, 2025.

market capitalisation of less than €350 million, despite recent regulatory clarity in the EU, while Australian Dollar stablecoins remain a niche, as innovation is weighed down by a lack of regulatory clarity and Government vision.

As they have proliferated, stablecoins have emerged as a significant new source of demand for US Treasuries, which promise to fundamentally alter the dynamics of managing the debt supply. Indeed, stablecoin issuers are jointly among the top 10 holders of US Government debt across sovereign entities. USD stablecoins (USDC and USDT) were the seventh largest buyers of US treasuries in 2025 YTD through June 30. This is before the passing of the GENIUS act which paves the way for stablecoins becoming the settlement asset for onchain capital markets, we expect the importance of this demand to only become larger over the next few years. Australia must develop a strategy to capitalise on this demand from stablecoins, or face higher future debt funding costs.

The stablecoin opportunity is immense, and the strategic policy decisions that Australia makes over the next twelve-months could define the future importance of the Australian dollar in global markets.

Recommendations to champion the use of Australian stablecoins

Stablecoins today play a key role in supporting digital asset markets and retail payments by acting as a safe medium for settling transactions, preserving value, transferring funds, and producing income for digital asset owners. Stablecoins have become a significant part of the global payments landscape, though unfortunately the Australian dollar has little to no representation in this new medium. To ensure the Australian dollar maintains its global importance we need a legal framework that creates trust, and the incentivisation to use and hold AUD stablecoins by paying interest on them.

A legal framework that creates trust

Coinbase endorses the Treasury's proposed architecture for tokenised SVFs. By decoupling 'stored value' from 'banking business,' the Government is paving the way for a more competitive and diverse financial ecosystem. The Committee should ensure that this legislation is prioritised for development and passing by parliament to ensure Australia can

We strongly support the definition of tokenised SVFs as a distinct facility where the right to redeem is attached to a digital token where the holder is a customer of the issuer. Capital and reserve requirements for tokenised SVFs should reflect their specific risk profile (operational and market risk) rather than importing bank-like capital requirements designed for credit risk and maturity transformation. We recommend a strong asset backing framework where stablecoin issuance is backed by 1:1 high quality liquid assets (HQLA), which has become the consensus amongst global regulators.

We also agree with the decision to regulate stablecoins under the payments framework, recognising that stablecoins are another representation of money and users hold them to pay for goods or settle transactions, not to speculate on the issuer's managerial efforts. By regulating stablecoins as tokenised SVFs, and providing the necessary distributor exemptions, Australia avoids the 'square peg in a round hole' problem of applying disclosure-based securities regimes to payment instruments.

As demonstrated by the GENIUS Act's approach, a principles-based framework focused on liquidity, credit quality, and transparency can achieve the same consumer protection objectives while preserving issuer flexibility. The GENIUS Act permits stablecoin issuers to maintain a full 1:1 backing using U.S. dollars, short-term treasuries and similarly liquid, high-quality assets. We similarly recommend that the Government contemplates a wide variety of backing asset categories, including cash deposits, short-term Australian Government debt with maturities of up to one year and high-quality money market funds.

The RBA, DFCRC, Treasury and ASIC, through Project Acacia have experimented with the use of a CBDC in wholesale markets. One of the core use cases explored is the backing of stablecoins with CBDC reserves. To champion stablecoins Australia should operationalise this use case as soon as possible, having a wholesale CBDC as part of the HQLA backing of stablecoins will provide legitimacy and enhance trust, spurring wider adoption.

An incentive for adoption

To ensure that the Australian dollar is appropriately represented in the future of onchain payments, trade settlement, and capital markets, we strongly suggest that interest should be able to be paid to stablecoin holders. Tokenised SVFs backed by HQLA should be permitted to pass the economic benefit of those reserves to users, fostering competition for payments, adoption, and increasing demand for Australian Government debt. While recognising that the interest conversation is currently outside policy scope for the Regulation of Payment Service Providers legislation, we suggest that the Committee recommend Treasury review this policy priority as part of the upcoming financial system strategy review.

Globally, US dollar stablecoins represent >95% of all issued stablecoin value and >99% of stablecoin transactional volume, risking a trend towards 'dollarisation' as the world's capital markets and trade move onchain. While this is very concerning, we suggest that Australia can quickly gain ground in establishing the Australian dollar as a respected alternative allowing stablecoin holders to earn interest on their holdings.

Providing interest on stablecoins will encourage demand and, combined with the low volatility of the Australian dollar and its status as the 7th most traded currency in the world, aired with a pass through of interest, can tap the demand for a US dollar onchain

alternative, allowing Australia to cement, or even surpass, its status as 7th most traded currency in the world. This would in turn boost demand for Australian dollar Government bonds, pushing down Government borrowing costs, helping to repair Australia's deficit.

Tokenised SVF issuers earn interest on the reserve assets via the yields from their backing HQLA. In a fair market, issuers should be free to compete with other products like bank accounts, by passing a portion of this yield to the consumer. Prohibiting interest effectively mandates that the issuer keep 100% of the profit, preventing consumers from benefiting from the time value of their money. It forces Australian consumers to hold non-interest-bearing digital cash, eroding their purchasing power.

Australian banks are currently exploring 'tokenised deposits'. These are essentially bank deposits recorded on a blockchain. Since they are deposits, they will likely pay interest. If banks are able to issue an interest-bearing blockchain dollar, but stablecoins are unable to do so, the regulation is effectively picking winners, entrenching the dominance of the Big Four banks by legislating a product advantage that competitors cannot match.

For these reasons, allowing interest to be paid on stablecoin holdings is a key strategic move that should be prioritised by the Australian Government.

The Issue of Debanking

The withdrawal of banking services, commonly referred to as "debanking", has evolved from a sporadic operational anomaly into a systemic feature of the Australian financial landscape. Debanking practices have targeted Fintechs, blockchain businesses and their users, the very same actors that can provide much needed competition to Australia's payments sector.

Australian banks removing banking access from businesses and consumers via two common practices:

- **Unilateral Closures:** Abruptly shutting down accounts or refusing services to specific individuals, businesses, and even entire industry sectors.
- **Transaction Restrictions:** Halting, limiting, or freezing transfers, regularly targeting use of acquisition of digital assets like stablecoins. Often resulting in locked funds and forced account closures.

While financial institutions frequently cite compliance with Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) obligations as the primary driver, the opacity of these decisions has engendered a crisis of confidence in the Australian financial system amongst its everyday users.

In the Australian context, debanking is not merely an inconvenience; it is a threat to competition. With the four major banks controlling the vast majority of transaction accounts and payment rails, a decision by these institutions to exit an individual, business or sector effectively imposes an unlawful regulatory ban, locking targeted industries out of the formal economy regardless of their legal status or compliance posture.

Blockchain users and businesses have been targeted with account closures, denials for business banking, and limits on funds transfers intended to purchase digital assets. Their exclusion undermines the Australian Government's stated ambition to position the nation as a leading technology and financial center.

This issue has been addressed in multiple other jurisdictions. In the European Union the Payment Accounts Directive guarantees the right to a basic bank account for all legal residents, preventing financial exclusion. A similar precedent exists in Canada where the legal framework ensures that almost any individual can open an account, even with no job or a history of bankruptcy. Under the Payment Accounts Regulations in the UK, nine largest banks must offer fee-free basic accounts to anyone who doesn't qualify for a standard account. These examples, while not themselves wholly sufficient to address the issue of debanking as it still persists to some extent in these markets, provide clear illustrations of policies that Australia should look to adopt.

Recommendation to address debanking

Addressing the issue of debanking is key to bring competition back into the Australian payments system to unlock productivity. Luckily the identification of solutions is well progressed.

As a response to the findings of the Senate Select Committee on Australia as a Technology and Financial Centre, the Council of Financial Regulators suggested that banks implement five measures to improve transparency and fairness in relation to de-banking:

1. That banks document reasons for de-banking a customer;
2. That banks provide a customer with reasons for being de-banked;
3. That banks ensure a de-banked customer who is an individual or small business has access to their Internal Dispute Resolution procedures;
4. That banks provide a minimum of 30 days' notice before closing existing core banking services of a customer. This account closure notice should also inform the customer that they may access the bank's Internal Dispute Resolution procedures; and
5. That banks self-certify adherence to measures 1-4.

In August 2022, the Government¹⁹ stated support for these measures yet has not acted on legislating the requirement for banks to undertake them. Nor have Australian banks implemented them as a gesture of good will towards the Australian public and an acknowledgement of their social licence, 'Team Australia' indeed.

¹⁹Australian Government, The Treasury. *Government Response: Potential Policy Responses to De-banking in Australia*. Canberra: The Treasury, June 2023.